

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Seattle District Office
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08/01/05

Michael Casley
3535 SE 86th Ave
Portland, OR 97266-2069

Re:

Dear Michael Casley:

This office has recently completed an audit of Elevator Constructors AFL-CIO Local 23 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you and Maryjo Leonard on July 15, 2005, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Records for a [redacted] were not readily available at the time of the audit. The records needed to complete the audit were provided by [redacted]. Also, the records for a CD held at [redacted] were not available from Local 23. [redacted] provided the necessary information needed to complete the audit. During the exit interview you agreed to maintain records for all accounts as required by law.

According to the information provided by Local 23, [redacted] and [redacted] have incorrect signatories on the union accounts. During the exit interview you agreed to correct this as soon as possible to ensure that only current officers or those authorized according to the most recent constitution and bylaws have access to the accounts.

One voided check was not located during the audit. During the exit interview you explained that the check was destroyed.

Vacation time taken in 2004 was not recorded or tracked on an official ledger as required by the constitution and bylaws. During the audit you showed how this problem has been corrected for 2005 by keeping track of vacation time used on an official ledger.

Local 23 failed to include some reimbursements to officers and employees in the amounts reported in Schedule 9 (All Officers and Disbursements to Officers) and Schedule 10 (Disbursements to Employees). Such payments appear to have been erroneously reported in Schedules 13 (Office and Administrative Expenses) and Schedule 15 (Other Expenses).

Direct disbursements to officers and employees for reimbursement of expenses incurred while conducting union business must be reported in Column F of Schedules 9 and 10 (Disbursements for Official Business). In addition, indirect disbursements made to another party (such as a credit card company) for business expenses incurred by union personnel must also be reported in Column F of Schedules 9 and 10. However, indirect disbursements for business expenses incurred for transportation by a public carrier (such as an airline) and for temporary lodging expenses incurred while traveling on union business must be reported in Schedule 13 (Office and Administrative Expenses). Any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business must be reported in Column G of Schedules 9 and 10 (Other Disbursements). During the exit interview you agreed to report all disbursements to officers and employees in the proper schedules on future LM reports.

Rental income from NEIEP was recorded on schedule 14 of the LM 2 for 2004 when it should have been recorded on Item 48. You have agreed to properly report rental income on future LM reports.

At the time of the audit you were not able to locate the bond certificate. It has since been located and a copy has been provided to OLMS showing proper bond coverage for the audit period.

The beginning and ending cash amounts as reported on the LM report in item 25 for fiscal year ending December 31, 2004 do not agree with the total of all bank assets as shown on the statements for the beginning and ending of the audit period. It was determined that an adjusting entry is required to correct the amounts listed in item 25. It was agreed that the adjusting entry will be reflected on the next LM report filed by Local 23 and item 25 will reflect an accurate tabulation of all cash as reflected by the bank statements at the beginning and ending of the reporting period.

The CAP disclosed a violation of LMRDA section 201(a) which requires that unions submit a copy of their current constitution and bylaws with its LM report when bylaw changes are made. Local 23 amended its constitution and bylaws in June 2003, but a copy of the constitution and bylaws was not filed with Local 23's LM-2 report for that year. Two copies of Local 23's constitution and bylaws have now been filed.

During the audit, you advised that blank checks are occasionally signed in advance. The countersignature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, countersigning a blank check in advance does not attest to the authenticity of a completed check, and completely circumvents and undermines the whole purpose of the countersignature requirement. You may want to revise your check disbursement method.

On page 17 of the constitution and bylaws, paragraph 2 is unclear and potentially misleading. We recommend that it be rewritten to clearly indicate the salary of the treasurer to include frequency of payment and clarify that the treasurer is paid and not that the treasurer pays 4 or 2 hours at the mechanics rate.

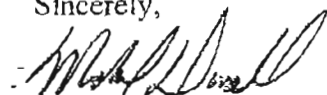
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I am not requiring that Local 23 file an amended LM-2 report for 2004 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

I want to extend my personal appreciation for your and your entire staff's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,



Michael Duvall
District Director

cc: Frank Regalado, President